

***Town of Plymouth
Property Tax Classification
Hearing
December 2, 2008***

Classification Overview

Classification Hearing

- Purpose of Tax Classification Hearing
- Overview of key changes
- Tax Valuations by Class
 - Current Year Values
 - Historical Analysis and Trends
 - Change between fiscal years
- Average Tax Bill Information by Class
 - Change between fiscal years
- Shift Information- *the impact of shifting from a unified to a split tax rate*
- Considerations
- Recommendation

Classification Hearing

- Purpose- to adopt the Town's Tax Policy by allocating or classifying the tax levy among property types
 - Board of Selectmen must vote on how to adopt the Tax Rate Policy; either by
 - A single or unified tax rate
 - A multiple or split tax rate
 - Additionally, can adopt exemptions and discounts
 - Open space discount;
 - up to 25% of the residential factor-
 - Residential exemptions;
 - up to 20% of the average of all residential value-
 - » Eligibility; must be owner's primary residence
 - Small commercial exemption
 - Up to 10% of assessed value of eligible properties
 - » Eligibility;
 - » occupied by business
 - » Value of less than \$1 million
 - » No more then 10 employees; aggregate

–

Overview of Key Changes

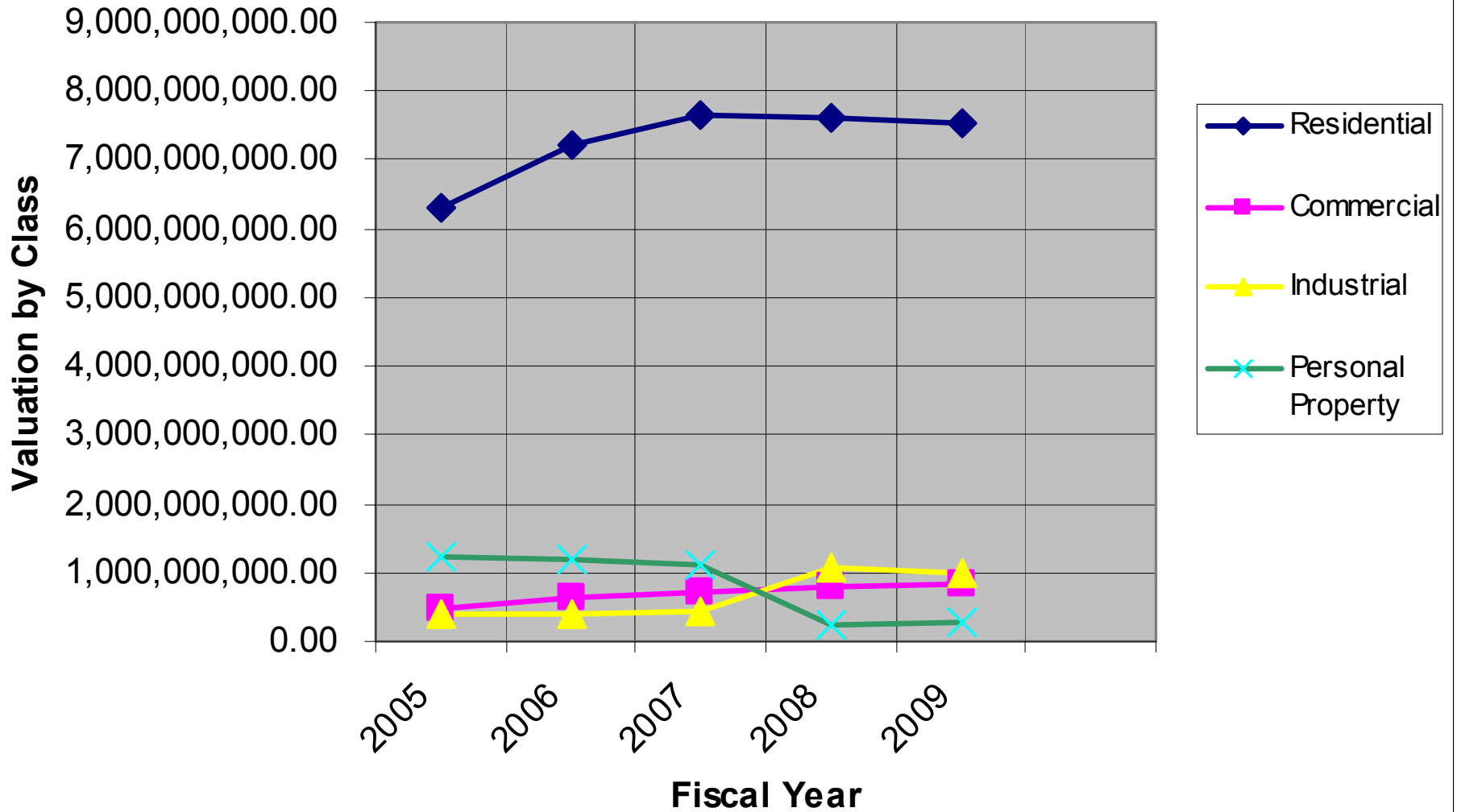
Assuming a Unified Tax Rate

- **Estimated Tax rate \$11.07/thousand**
 - Reflects a \$0.74 increase from the FY 2008 rate of \$10.33
- **Average Residential tax bill \$3,797.55**
 - Reflects a \$176.47 increase over FY2008 bill of \$3,621.08
- **Average Residential value \$343,049**
 - Reflects a \$7,491 decrease over FY2008 value of \$350,540
- **Average Commercial tax bill \$10,701.54**
 - Reflects a \$902.17 increase over FY2008 bill of \$9,799.37
- **Average Commercial value \$966,716**
 - Reflects a \$18,083 increase over FY2008 value of \$948,633

Property Valuation

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
RES	6,291,547,779	7,214,073,485	7,665,006,126	7,630,801,183	7,522,152,959
COMM	480,767,763	634,993,807	731,421,082	799,505,621	822,290,248
IND	392,963,074	409,078,024	429,381,524	1,081,579,600	1,007,898,800
Sub C+I	873,730,837	1,044,071,831	1,160,802,606	1,881,085,221	1,830,189,048
PERS PROP	1,226,496,448	1,202,085,465	1,117,844,284	255,121,121	266,717,309
Sub CIP	2,100,227,285	2,246,157,296	2,278,646,890	2,136,206,342	2,096,906,357
TOTAL VALUE	8,391,775,064	9,460,230,781	9,943,660,016	9,767,007,525	9,619,059,316

Property Values



Changes in Property Valuations

from 2004
to 2005

from 2005
to 2006

from 2006
to 2007

from 2007
to 2008

from 2008
to 2009

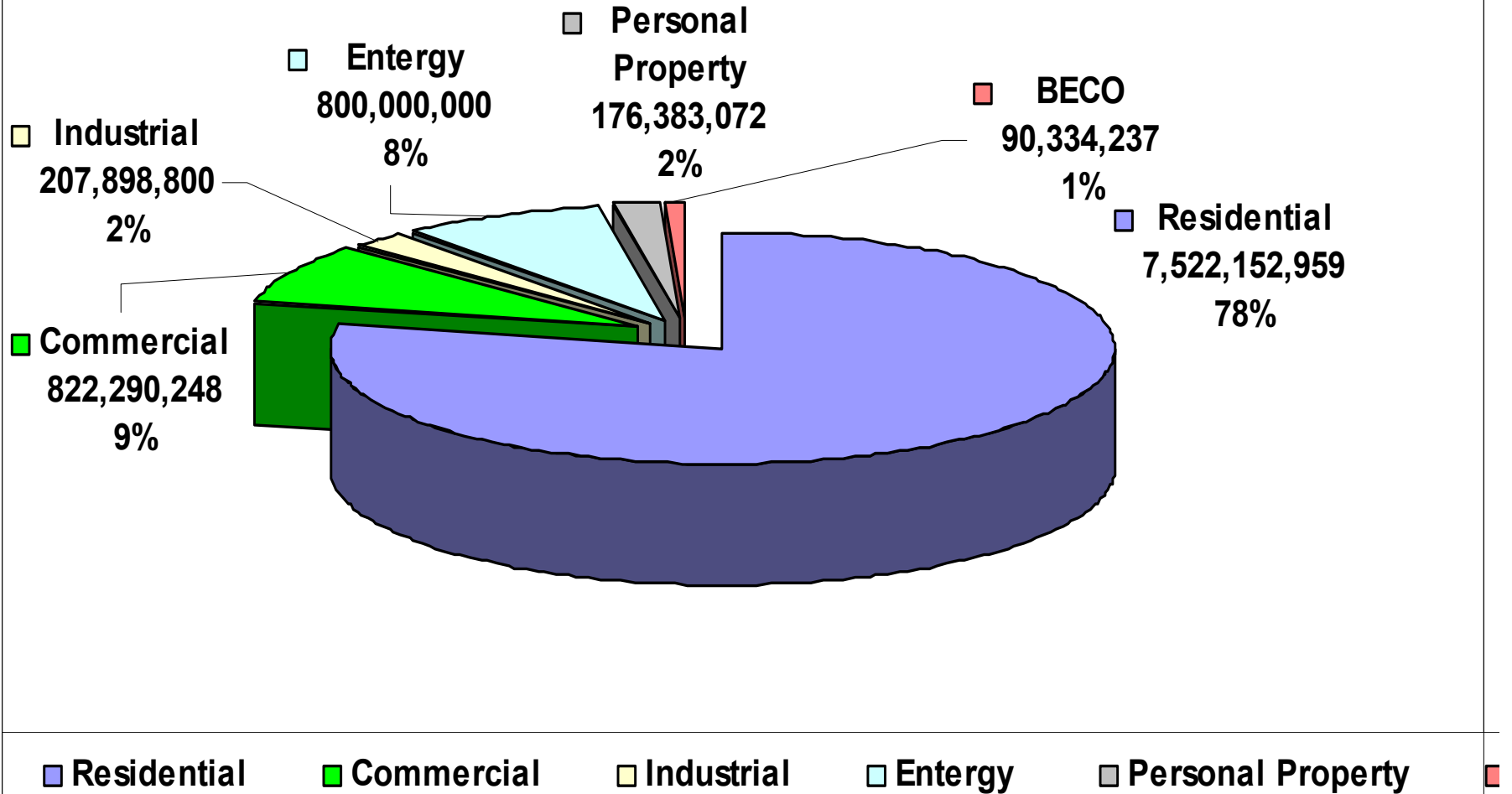
Change by Property Classifications

R Res	847,879,546	922,525,706	450,932,641	(34,239,843)	(108,648,224)
C Comm	38,527,158	154,226,044	96,434,275	68,077,539	22,784,627
I Ind	15,955,400	16,114,950	20,303,500	652,198,071	(73,680,800)
CI Sub	54,482,558	170,340,994	116,737,775	720,275,610	(50,896,173)
P Pers Prop	157,727,538	(24,410,983)	(84,241,181)	(871,458,342)	11,596,188
CIP Sub	212,210,096	145,930,011	32,496,594	(151,182,732)	(39,299,985)
Total Value	1,060,089,642	1,068,455,717	483,429,235	(185,422,575)	(147,948,209)

**Value as a Percentage to
Total Valuation**

	FY2005	FY2006	FY2007	FY2008	FY2009
Residential	74.97%	76.26%	77.08%	78.12%	78.20%
Commercial	5.73%	6.71%	7.36%	8.19%	8.55%
Industrial	4.68%	4.32%	4.32%	11.07%	10.48%
Subtotal;	10.41%	11.03%	11.68%	19.26%	19.03%
Personal Property	14.62%	12.71%	11.24%	2.62%	2.77%
CIP Subtotal;	25.03%	23.74%	22.92%	21.88%	21.80%
Total Valuation	100.00%	100.00%	100.00%	100.00%	100.00%

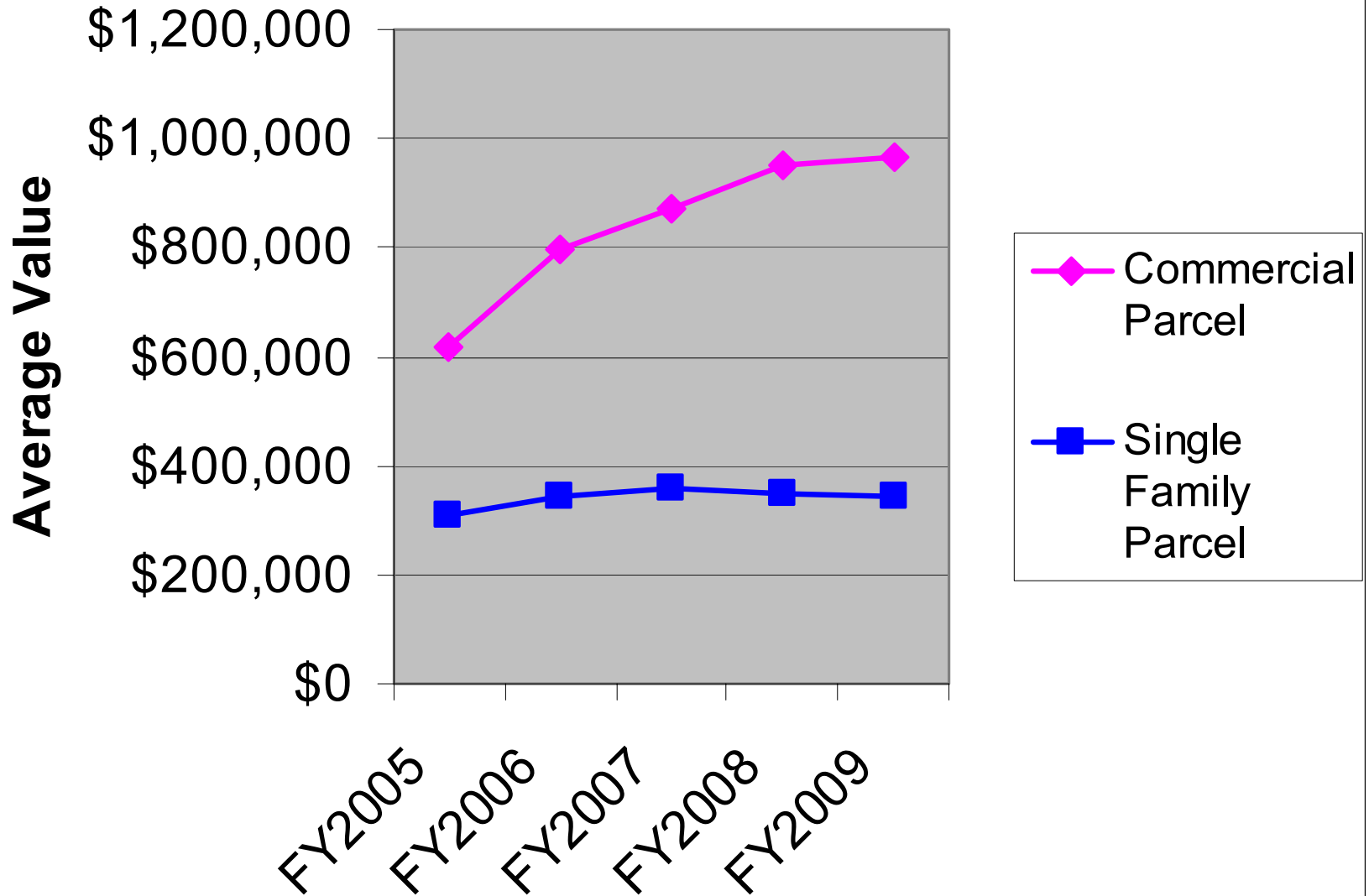
Property Values Percentages as of Fiscal Year 2009



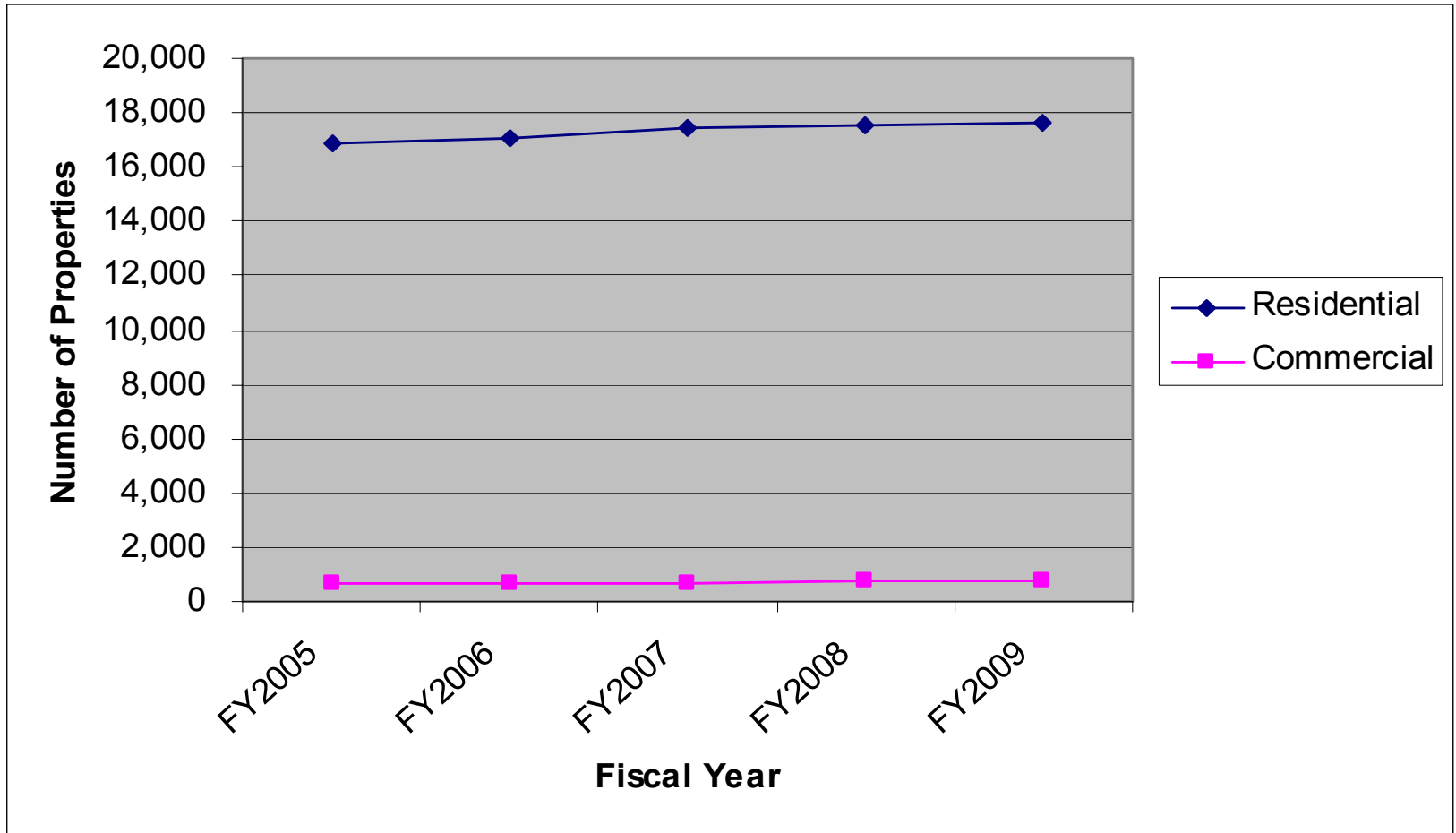
Residential and Commercial Data

	FISCAL YEAR				
	2005	2006	2007	2008	2009
<u>RESIDENTIAL</u>					
Average Tax Bill	3,222.65	3,407.78	3,478.94	3,621.08	3,797.55
Avg Value: Single Family	308,979	344,917	358,283	350,540	343,049
Number of Single Homes	16,831	17,082	17,431	17,532	17,631
<u>COMMERCIAL</u>					
Average Tax Bill	6,437.97	7,848.42	8,484.53	9,799.37	10,701.54
Average Value: Commercial	617,255	794,374	873,793	948,633	966,716
Number of Commercial Parcels	658	693	708	717	725

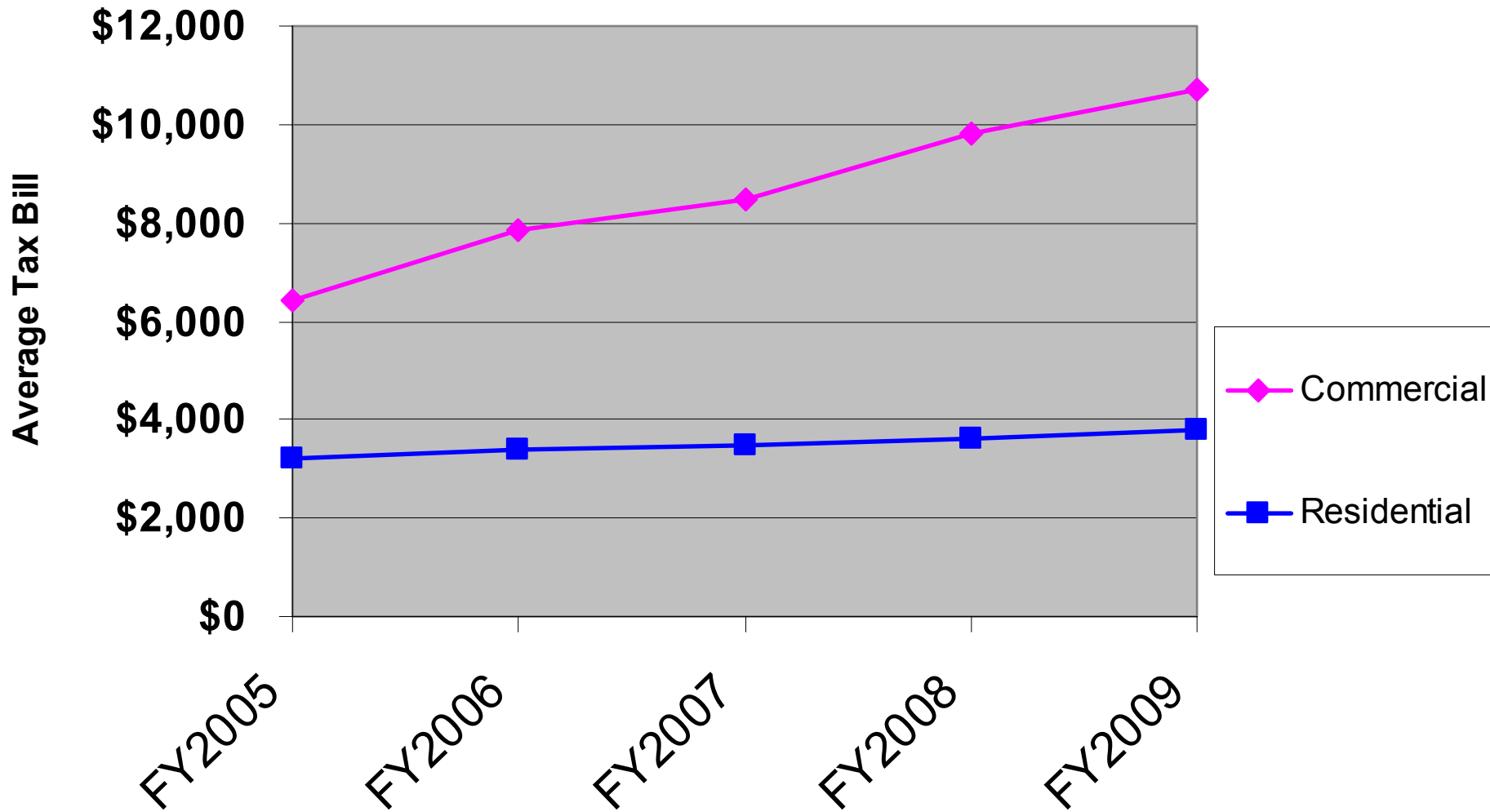
Average Property Value



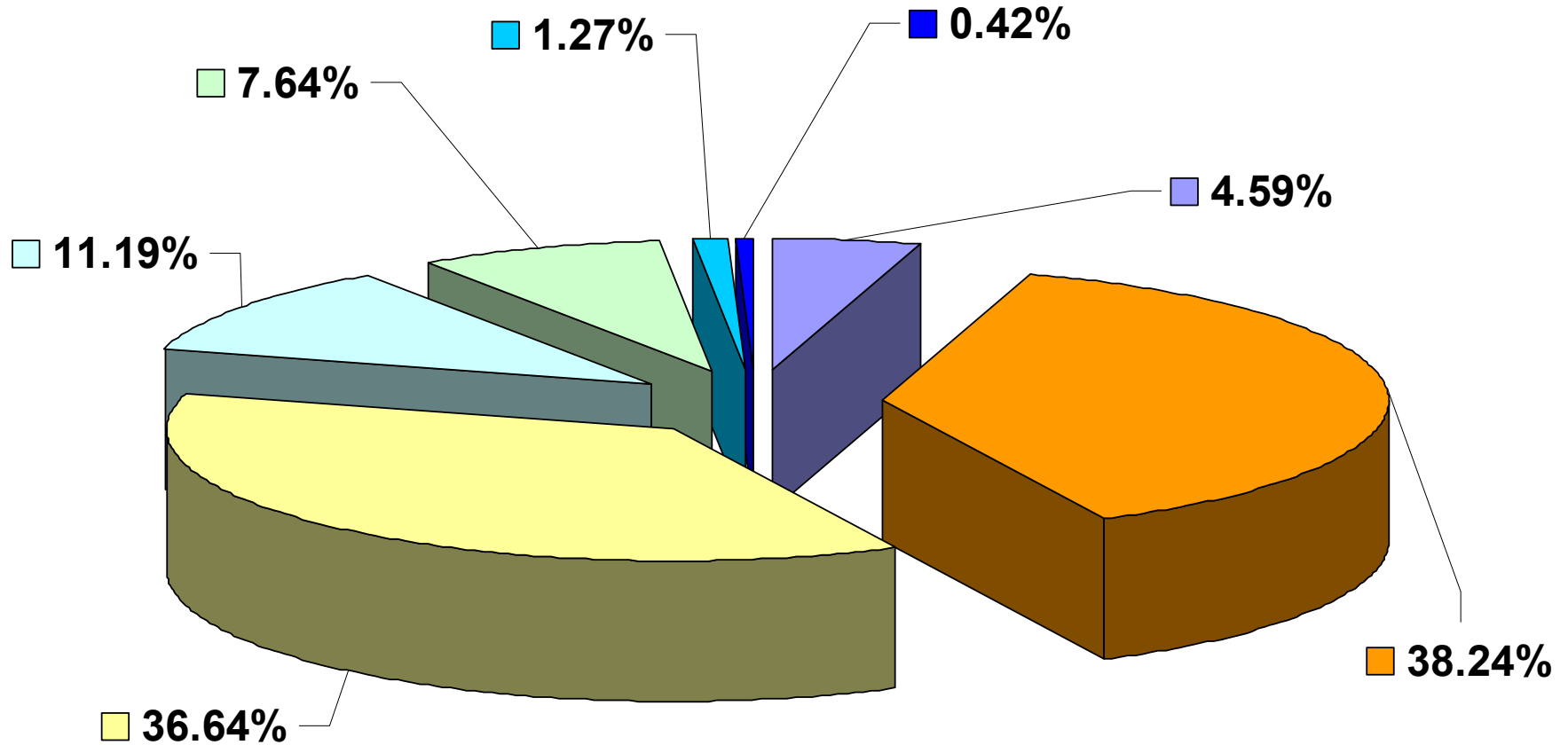
Number of Property Parcels



Average Tax Bill



FY2009 Single Family



less than \$199,999

\$200,000-\$299,999

\$300,000-\$399,999

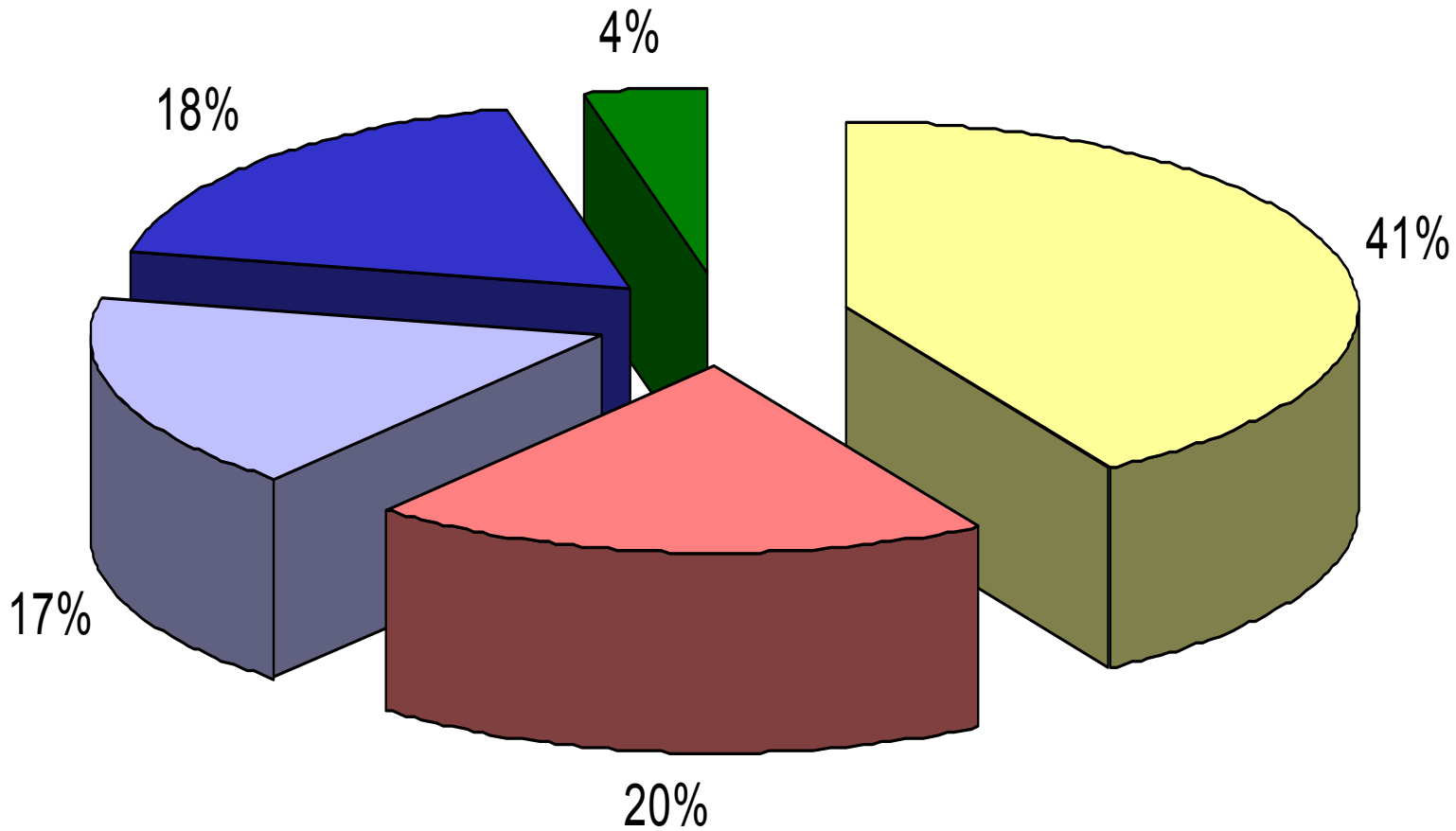
\$400,000-\$499,999

\$500,000-\$749,999

\$750,000-\$999,999

\$1,000,000 +

FY2009 Commercial



■ < = 299,999

■ 300,000 - 499,999

■ 500,000 - 999,999

■ 1,000,000 - 4,999,999

■ 5,000,000+

Classification Considerations

- Diversity of tax base
- Ability of CIP tax base to absorb shift
- Long-term perspective, once a community shifts the tax burden, beneficial to maintain the split vs. fluctuating between split/non-split
- Entergy agreement

Residential to Commercial Shift Impact

	Average Tax Bill	Change	RATE	Average Tax Bil	Change	RATE
Shifts	3,797.55		11.07	10,701.54		
1%	3,787.26	(10.29)	11.04	10,807.88	106.34	11.18
2%	3,776.97	(20.58)	11.01	10,914.22	212.68	11.29
3%	3,766.68	(30.87)	10.98	11,020.56	319.02	11.40
4%	3,756.39	(41.16)	10.95	11,126.90	425.36	11.51
5%	3,746.10	(51.45)	10.92	11,233.24	531.70	11.62
6%	3,732.37	(65.18)	10.88	11,339.58	638.04	11.73
7%	3,722.08	(75.47)	10.85	11,445.92	744.38	11.84
8%	3,711.79	(85.76)	10.82	11,561.92	860.38	11.96
9%	3,701.50	(96.05)	10.79	11,668.26	966.72	12.07
10%	3,691.21	(106.34)	10.76	11,774.60	1,073.06	12.18
16%	3,629.46	(168.09)	10.58	12,199.96	1,498.42	12.62
20%	3,584.86	(212.69)	10.45	12,837.99	2,136.45	13.28
30%	3,478.52	(319.03)	10.14	13,911.04	3,209.50	14.39
50%	3,269.26	(528.29)	9.53	16,057.15	5,355.61	16.61

Classification Considerations

- **Diversity of tax base**
 - Residential; \$ 7,522,152,959 or 78.20%
 - Commercial; \$ 822,290,248 or 8.55%
 - Industrial; \$ 1,007,898,000 or 10.48%
 - Personal Property; \$ 266,717,309 or 2.77%
- **Ability to absorb shift**
 - In order to maintain an “average” tax bill of approximately \$3,621 for the residential classification, a 16% shift will be necessitated. The impact to the residential and commercial classes are;
 - A decrease in the average residential tax bill of **\$(168.09)**
 - A increase in the average commercial tax bill of **\$1,498.42**

Classification Considerations

Entergy Amended Agreement; Paragraph 13 of the Entergy Payment in Lieu of Tax Agreement States- “Entergy...agrees for the term of this Amended Agreement to timely pay taxes on the Plant... The parties agreement to pay taxes pursuant to this Agreement is specifically **contingent upon the Town’s continued use of a unified tax rate.** Should the Town adopt a classified tax rate, Entergy shall have the right to declare this Amended Agreement null and void, as of the tax year in which the Town uses a classified rate...”

Classification Considerations

- *Entergy Agreement, continued*
 - Based on exhibit 2 of the agreement, the value for FY 2009 is \$800,000,000. The tax on this value at \$11.07/\$1,000 of value equals \$8,856,00.

Classification Recommendation

- Recommend a unified tax rate
 - Due to the inability of the commercial base to absorb shift
 - Due to the historical trends that indicate that a shift at this time is inconsistent with the long-term perspective, e.g., want to continue growing the commercial/industrial base
 - Due to potentialities with the Entergy Agreement